

THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

IN RE: December 17, 2001
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SECUREONE, INC. (**DOCKET NO. 01-00738**
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ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before the Tennessee Regulatory Authority (“Authority” or “TRA”) at a regularly scheduled Authority Conference held on September 11, 2001, for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the “CSD”) and SecureOne, Inc. (“SecureOne”) for violations of the Tennessee Do-Not-Call Telephone Sales Solicitation statutes, Tenn. Code Ann. § 65-4-401 *et seq.* The proposed Settlement Agreement is attached hereto as Exhibit A.

Tenn. Code Ann. § 65-4-404 and Tenn. Comp. R. & Regs. 1220-4-11-.07(1) prohibit persons and entities from knowingly making or causing to be made telephone sales solicitation calls to any residential subscribers in this state who have given timely and proper notice to the Authority of their objection to receiving telephone solicitations. Tenn. Code Ann. § 65-4-405(f) authorizes the Authority to initiate proceedings relative to violations of the Do-Not-Call statutes and the TRA rules and regulations (Tenn. Comp. R. & Regs. 1220-4-11-.01 *et seq.*) promulgated pursuant to the Do-Not-Call statutes. “Such proceedings may include without limitation proceedings to issue a cease and desist order, to issue an order imposing a civil penalty up to a maximum of two thousand dollars (\$2,000) for each knowing violation and to seek additional relief in any court of competent jurisdiction.” Tenn. Code Ann. § 65-4-405(f).

Between August 14, 2000 and June 20, 2001, the CSD received eighteen (18) separate complaints against SecureOne from Tennessee consumers whose residential telephone numbers were properly and timely registered on the Tennessee Do-Not-Call Register. During the investigation of these complaints, the CSD determined that SecureOne had registered as a solicitor on August 29, 2000, after the first complaint was filed. SecureOne faced a maximum civil penalty of thirty-six thousand dollars (\$36,000), arising from these eighteen (18) violations.

The proposed Settlement Agreement was negotiated as the result of the CSD's investigation into the complaints against SecureOne. In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a violation, shall be considered. The amount of the penalty, when finally determined, may be deducted from any sums owing by the state to the person, firm or corporation charged or may be recovered in a civil action in the courts of this state.

SecureOne has an office in Nashville, Tennessee. As of September 11, 2001, SecureOne employed sixty-eight (68) full-time employees and twenty (20) part-time employees. The CSD's investigation revealed that SecureOne has no known history of violating the statutes and rules enforceable by the Authority and has not previously engaged in a pattern of continued violations of Tenn. Code Ann. § 65-4-401 *et seq.* After receiving notice of the first complaint, SecureOne expeditiously registered in the Tennessee Do-Not-Call Program. Subsequently, it agreed to settle the above-styled complaints.

As part of this Settlement Agreement, SecureOne agrees to implement measures, as outlined in Exhibit A, to prevent similar occurrences in the future. In addition, SecureOne will pay to the Authority a civil penalty in the amount of twenty-five thousand dollars (\$25,000). SecureOne will make five (5) payments of five thousand dollars (\$5,000) each, no later than the first business day of each of the five (5) consecutive months following the Authority's approval of the Settlement Agreement.

A company representative participated telephonically during the Authority Conference on September 11, 2001. Following a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement.

IT IS THEREFORE ORDERED THAT:

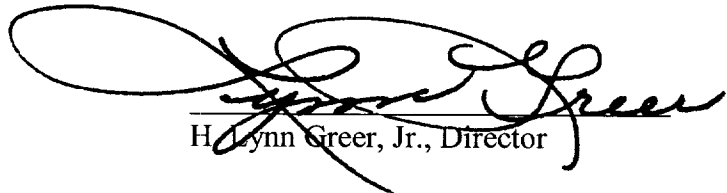
1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.

2. The amount of twenty-five thousand dollars (\$25,000) shall be paid by SecureOne into the Public Utilities Account of the TRA in compliance with the terms of the Settlement Agreement, in five (5) payments of five thousand dollars (\$5,000) each, no later than the first business day of each of the five (5) consecutive months following the Authority's approval of the Settlement Agreement.

3. Upon payment of the amount of twenty-five thousand dollars (\$25,000), SecureOne is excused from further proceedings in this matter, provided that, in the event of any failure on the part of SecureOne to comply with the terms and conditions of the


Settlement Agreement, the Authority reserves the right to re-open this docket.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

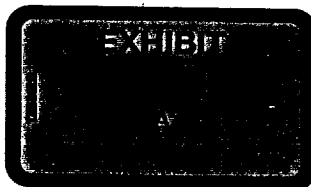
THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

IN RE:)		
)		
ALLEGED VIOLATIONS OF TENN	)	DO-NOT-CALL	T00-00020
CODE ANN. §65-4-401 <i>et seq.</i> , DO-NOT-	)	PROGRAM	T00-00032
CALL SALES SOLICITATION LAW,	)	FILE NUMBERS	T00-00343
AND RULES OF TENNESSEE	)		T00-00407
REGULATORY AUTHORITY, CHAPTER	)		T00-00444
1220-4-11, BY:	)		T00-00462
	)		T00-00489
	)		T01-00082
SECUREONE, INC.	)		T01-00098
	)		T01-00133
	)		T01-00221
	)		T01-00226
	)		T01-00265
	)		T01-00283
	)		T01-00284
	)		T01-00304
	)		T01-00345
	)		T01-00392
	)		T01-00475

SETTLEMENT AGREEMENT

This Settlement Agreement has been entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA") and SecureOne, Inc., ("SecureOne") and is subject to the approval of the Directors of the TRA. SecureOne has an office in Nashville, Tennessee and employs sixty-eight (68) full-time and twenty (20) part-time employees in the State of Tennessee. SecureOne has been registered as a telephone solicitor with the TRA since August 29, 2000.



This Settlement Agreement pertains to nineteen (19) separate complaints received by the CSD alleging that SecureOne violated the Tennessee Do-Not-Call Telephone Sales Solicitation law, TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11.07(1), by knowingly making or causing to be made telephone sales solicitation calls to residential subscribers in the state of Tennessee who had given timely and proper notice to the TRA of their objection to receiving telephone solicitations. SecureOne was notified of the first alleged violation on August 14, 2000. SecureOne responded on August 17, 2000, that it did not interpret the above referenced statutes as applying to its marketing activities in Tennessee, but would nevertheless implement reasonable practices to prevent telephone solicitations to individuals listed on the Tennessee Do Not Call Register. After this response, CSD received sixteen (16) additional complaints. Because of the number of complaints, CSD met with SecureOne on June 19, 2001. During this meeting, SecureOne expressed its desire to comply with TENN. CODE ANN. § 65-4-404 and TENN. COMP. R. & REGS. 1220-4-11.07(1) and to settle all outstanding complaints. SecureOne acknowledges that after the June 19, 2001 meeting it conducted a review and evaluation of its marketing practices and systems and subsequently modified such practices and systems so as to ensure compliance with Tennessee law. The resulting modifications were implemented on or about July 23, 2001. Since the June 19, 2001 meeting, CSD has received only two (2) additional complaints, which were filed on June 20, 2001 and July 5, 2001. SecureOne has demonstrated a good faith effort to come into compliance with TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11.07(1) since June 19, 2001.

TENN. CODE ANN. § 65-4-405(f) authorizes the TRA to assess penalties for violations of the Tennessee Do-Not-Call statutes, including the issuance of a cease and desist order and the imposition of a civil penalty of up to a maximum of two thousand dollars (\$2,000) for each

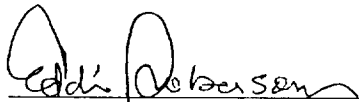
knowing violation. The maximum fine faced by SecureOne in this proceeding is thirty-eight thousand dollars (\$38,000). CSD relied upon the factors set forth in TENN. CODE ANN. § 65-4-116(b) during the negotiations which resulted in this agreement, including SecureOne's size, financial status, good faith effort, and the gravity of the violations.

In an effort to resolve this investigation and the nineteen (19) complaints represented by the file numbers above, CSD and SecureOne agree to the following settlement, subject to approval by the Directors of the TRA:

1. SecureOne does not admit liability or wrongdoing but does not contest that the nineteen (19) complaints represent telephone calls it made to individuals listed on the Tennessee Do Not Call Register.
2. SecureOne agrees to a civil penalty of twenty-six thousand dollars (\$26,000.00) as authorized by TENN. CODE ANN. §65-4-405(f) payable in five installments. The first four installments shall be in the amount of five thousand dollars (\$5,000.00) and the fifth installment shall be in the amount of six thousand dollars (\$6,000.00). SecureOne shall remit the first installment to the TRA within five (5) days of the date the Directors of the TRA approve this Settlement Agreement. The remaining four installments shall be remitted no later than the first business day of each month for the next four (4) consecutive months, beginning on the first day of the month which is 30 days after the first payment is made. Upon payment of the amount of twenty-six thousand dollars (\$26,000.00) in compliance with the terms and conditions of this Settlement Agreement, SecureOne is excused from further proceedings in this matter.
3. In the event of any failure on the part of SecureOne to comply with the terms and conditions of the preceding paragraph, the TRA reserves the right to re-open this docket for the purpose

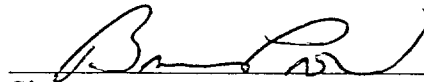
of securing compliance and enforcing the Settlement Agreement. SecureOne shall pay any costs incurred in a successful action to enforce the Settlement Agreement.

4. Provided SecureOne fully complies with the terms of this Settlement Agreement, the TRA agrees that it will not pursue any claims against, or seek payment of any civil penalties from, SecureOne for alleged violations of the Tennessee Do-Not-Call Telephone Sales Solicitation law and regulations that occurred prior to the date of this Agreement. The TRA acknowledges that its agreement as stated in this Paragraph 4 is a material inducement to SecureOne in entering into this Settlement Agreement.
5. SecureOne agrees that a company representative will attend the TRA Conference at which the Directors consider this Settlement Agreement for approval.
6. SecureOne agrees to establish, implement, and maintain, with due care, reasonable practices and procedures to effectively prevent telephone solicitations in violation the Tennessee Do-Not-Call Telephone Sales Solicitation law and regulations.



Eddie Roberson
Chief, Consumer Services Division
Tennessee Regulatory Authority

9-4-01
Date



Signature

Bruce Prow
Print Name

CEO
Print Title

SecureOne, Inc.

8-30-01
Date